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SUBJECT: DEMARCHE REQUEST: U.S. OBJECTIVES FOR THE AD-HOC
LIAISON COMMITTEE MEETING, SEPTEMBER 22

REF: SECSTATE 95980

1. (SBU) EconCouns discussed the upcoming Ad Hoc Liaison Committee meeting with MFA Deputy Director General for Economic Affairs Irit Ben Abba on September 16. Ben Abba said the GOI was still unclear on why the meeting could not have been postponed, though the Israelis welcome the fact that it will be held at the sub-ministerial level. Ben Abba said she would be heading the Israeli delegation and will be accompanied by working-level officials from the Ministry of Defense, The Coordinator for Government Activity in the Territories (COGAT), the Ministry of Finance, and the Ministry of Industry, Trade and Labor.

2. (SBU) On support for the PA's recurrent budget deficit, Ben Abba pointed out that there had been few disbursements to date of the funds pledged at the last AHLC meeting in Oslo. She said it would be important that this AHLC meeting underscore the need for more rapid disbursement. She said that on assistance to Gaza, the GOI will have nothing more to put on the table pending conclusion of the ongoing negotiations for the release of IDF hostage Gilad Shalit. She noted in particular that phase one of the Serry Plan was on hold, though UNSCO and MOD/COGAT continue to talk at the working level in order to be ready to move projects forward as soon as the Netanyahu Government gives the go-ahead.

3. (SBU) Ben Abba asked for USG views on Prime Minister Fayyad's announced two-year plan. EconCouns stressed the importance of the plan as a statement of what needs to be done if the PA is to be ready to run a modern state. Ben Abba said the content of the declaration was of less concern to the GOI than the implied two-year deadline, which she characterized as "unrealistic and presumptuous" both from the political and practical points of view. In response to the talking point on avoiding politicization of the plan through public GOI criticism, Ben Abba said that if avoiding politicization of issues were a serious concern, the meeting would have been postponed. In the same vein, BenAbba said the GOI fully expects to have to endure highly politicized discussion of the Goldstone report at the AHLC meeting.

4. (SBU) Ben Abba said that the GOI expects little positive result from next week's meeting, but said it might possibly help set the stage for a ministerial meeting later in the year, linked to resumption of negotiations. In any case, she added, the GOI intends to use the meeting to highlight the positive impact of recent GOI policy changes on the Palestinian economy, and has produced a 33-page brochure on the subject (PDF version emailed to NEA/IPA).

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